

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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----- 065556

P 281345Z JAN 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC PRIORITY 1021

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E.O. 11652: N/A

TAGS: EFIN, SU, US

SUBJECT: KH CEMENT CEMENT PLANT PROJECT

BEGIN SUMMARY: OPIC ASSISTED CEMENT PROJECT HERE HAS HIT MAJOR SNAG DUE POSSIBLY EXTRA-LEGAL ACTION BY CONTROVERSIAL MINISTER OF INDUSTRY. EMBASSY HAS MADE ITS CONCERNS FELT INFORMALLY IN RIGHT QUARTERS BUT APPEARS I WILL BE ASKED DISCUSS SUBJECT WITH NIMEIRI HIMSELF. IF HE DOES ASK ME CALL, PROPOSE TAKE LINE INDICATED BELOW UNLESS OTHERWISE INSTRUCTED. END SUMMARY.

1. KH CEMENT PLANT PROJECT (BACKGROUND ON WHICH BEING FORWARDED SEPTTEL) HAS NOW BECOME MAJOR ISSUE IN SUDANESE BUSINESS COMMUNITY. NUMBER OF INFLUENTIAL BUSINESSMEN HAVE TOLD ME OF THEIR SURPRISE, THAT POTENTIAL PRIVATE SUDANESE INVESTORS HAVE UNACCOUNTABLY BEEN BARRED BY MININDUSTRY SULIMAN AND HAVE EXPRESSED CONCERN AT IMPLICATIONS SUCH ACTIONS FOR FUTURE OF AMERICAN PRIVATE INVESTORS HERE. ON INFORMAL BASIS, I HAVE CALLED ATTENTION OF MINISTER OF FOREIGN AFFAIRS, MINISTER OF FINANCE AND MINISTER OF INFORMATION TO DAMPENING EFFECT THIS LAST-MINUTE SWITCH LIKELY HAVE ON INTEREST OTHER AMERICAN PRIVATE INVESTORS, TO SAY NOTHING OF OPIC WHICH HAS AGREED PARTICIPATE IN SCHEME.

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2. ON JANUARY 27, I HAD OPPORTUNITY EXPRESS SIMILAR CONCERN

ON PERSONAL BASIS TO MINSTATE PRESIDENTIAL AFFAIRS IDRIS. LATTER REPORTED HE FEARED THIS MIGHT BE "ENTERING WEDGE" OF EFFORT REDUCE OR ELIMINATE AMERICAN PRIVATE INVESTMENT HERE. HE SAID HE WAS FULLY FAMILIAR WITH SCHEME AND FELT THAT I SHOULD EXPRESS OUR CONCERNS DIRECTLY TO PRESIDENT NIMEIRI. REPLIED I HAD NO INSTRUCTIONS SEE PRESIDENT ON MATTER THIS KIND AND CALLED HIS ATTENTION TO NORMAL SUDANESE RULES GOVERNING ACCESS TO CHIEF OF STATE. IDRIS THEN SAID HE WOULD ARRANGE FOR ME TO SEE NIMEIRI ON THIS AND OTHER MATTERS. I OF COURSE TOLD HIM I WAS AT PRESIDENT'S DISPOSAL.

3. SHOULD NIMEIRI ASK TO SEE ME, I WOULD PLAN TAKE FOLLOWING LINE ON CEMENT PROJECT UNLESS OTHERWISE INSTRUCTED:

(A) HAVE JUST RECEIVED JAN 2 LETTER FROM OPIC PRESIDENT MAYS CONTAINING GOOD NEWS THAT SUDAN HAS BEEN SELECTED AS ONE OF FEATURED COUNTRIES FOR FY 76 ANNUAL REPORT. IT WAS HOPED NIMEIRI WOULD PROVIDE SHORT STATEMENT EMPHASIZING IMPORTANCE FOREIGN INVESTMENT TO SUDAN;

(B) SUBSEQUENT TO LETTER, HOWEVER, WE HAD LEARNED OF NEW PROBLEM IN CEMENT PLANT PROJECT WHICH HAD RECEIVED OFFICIAL GO-AHEAD FROM GOS LAST APRIL;

(C) OTHER THAN ASSURING THERE NO DISCRIMINATION AGAINST AN AMERICAN FIRM, WE WERE NOT PRIMARILY CONCERNED WITH FATE ANY PARTICULAR PROJECT NOR SEEKING NEGOTIATE ON BEHALF OF ONE WITH GOS;

(D) EQUALLY, THERE NO INTENTION ON PART EMBASSY TO INTERFERE IN ANY WAY WITH FREE WORKING SUDANESE BUREAUCRACY AND DECISIONS NIMEIRI'S MINISTERS;

(E) HOWEVER, IN LIGHT NIMEIRI'S PAST EXPRESSIONS OF INTEREST IN FOREIGN INVESTMENT IN SUDAN, AS WELL AS HELPFUL PUBLICITY FORECAST IN OPIC LETTER, HE SHOULD BE AWARE THAT CHANGE IN SIGNALS IN CEMENT PLANT PROJECT AT THIS LATE DATE COULD HARDLY BE EXPECTED INCREASE THE INTEREST OF PRIVATE AMERICAN INVESTORS IN SUDAN NOR PRESUMABLY WOULD IT BE VIEWED WITHOUT CONCERN BY OPIC, AN AGENCY OF THE USG;
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(F) AND FINALLY, IN ITS GUIDANCE TO OPIC, THE CONGRESS HAD EMPHASIZED THE DESIRABILITY OF DIRECTING ASSISTANCE TO THE POORER NATIONS AND ASSISTING AMERICAN FIRMS OTHER THAN THOSE WITH WORLD-WIDE REPUTATIONS. TIS PROJECT CLEARLY FITTED THESE CRITERIA LIKE A GLOVE ON BOTH COUNTS.

4. COMMENT: BUSINESSMEN AND GOVERNMENT OFFICIALS WITH

WHOM I HAVE TALKED ARE UNANIMOUS IN VIEWING MINISTER OF
INDUSTRY'S TURNABOUT AS MAJOR CALAMITY. HOWEVER, IN VIEW
NIMEIRI'S OVERARCHING AUTHORITY IN ALL ASPECTS GOVERNMENT
ADMINISTRATION, THEY FEEL THAT ONLY PRESIDENT CAN OVER-RULE
MINISTER OF INDUSTRY AND THEY ARE UNABLE OR UNWILLING TO PUT
THE CASE DIRECTLY TO HIM THEMSELVES. ON OUR SIDE, I DO NOT
SEE JUSTIFICATION IN A FORMAL DEMARCHE TO NIMEIRI, BUT DO
BELIEVE FACTS WOULD JUSTIFY INFORMAL COMMENTS ALONG ABOVE LINES
IN EVENT PRESIDENT ASKS ME TO CALL ON HIM.
BREWER

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Margaret P. Grafeld
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Status: NATIVE
Subject: KH CEMENT CEMENT PLANT PROJECT BEGIN SUMMARY: OPIC ASSISTED CEMENT PROJECT HERE HAS
TAGS: EFIN, BENC, SU, US
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